UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

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TECHNOLOGY LICENSING CORPORATION, a California corporation, and AV TECHNOLOGIES LLC, an Illinois Limited Liability Company,

Plaintiffs,

v.

THOMSON, INC., a Delaware corporation,

Defendant.

NO. CIV. S-03-1329 WBS PAN

ORDER RE: COSTS

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On August 1, 2005, the court entered final judgment as to some of plaintiffs' claims, pursuant to Federal Rule of Civil Procedure 54(b), in favor of defendant Thomson, Inc. The order specifically granted summary judgment to defendant on plaintiffs' infringement claims for U.S. Patent No. 5,495,524 ('524 patent) and U.S. Patent No. 4,573,070 ('070 patent). Additionally, the court issued a stay for defendant's counterclaims regarding the '524 and '070 patents. Defendant then submitted a bill of costs totaling $11,523.98 for transcription expenses related to the

depositions of Joseph Gemini, Walter Zelhofer, Michael Hauke, David Jordahl, Raymond Bryars, Jeffery Brooks, Peter Symes, George Strong Jr., Anthony Davis, Charles Freeland, and J. Carl Cooper (twelve depositions in all because the Cooper deposition spanned two days). (Def.'s Bill of Costs at 1; Id. Ex. A at 1).

Plaintiffs object to the amount submitted in its entirety, arguing that defendant's transcript costs were not necessarily obtained for use in the case, as required by 28 U.S.C. § 1920. (Pl.'s Objection to Def.'s Bill of Costs at 3). In the alternative, plaintiffs urge the court to exercise its discretion to not award costs based on plaintiffs' good faith in bringing suit and defendant's "clear[] . . . ability to meet the expenses of this litigation." (Id. at 6).

I. Legal Standard

Rule 54(d)(1) of the Federal Rules of Civil Procedure and Local Rule 54-292(f) govern the taxation of costs to losing parties, subject to limits set under 28 U.S.C. § 1920. See 28 U.S.C. § 1920 (enumerating taxable costs); Fed. R. Civ. P. 54(d)(1) ("costs other than attorneys' fees shall be allowed as of course to the prevailing party unless the court otherwise directs"); L.R. 54-292(f) (items taxable); Crawford Fitting Co. v. J.T. Gibbons, Inc., 482 U.S. 437, 441 (1987)(limiting taxable costs to those enumerated in 28 U.S.C. § 1920). Relevant to this case, 28 U.S.C. § 1920(2) allows the court to tax as costs "[f]ees of the court reporter for all or any part of the stenographic transcript necessarily obtained for use in the case . . . ." The district court has discretion to determine what constitutes a taxable cost within the meaning of 28 U.S.C. §

1920. Amarel v. Connell, 102 F.3d 1494, 1523 (9th Cir. 1996). Deposition costs, however, have already been identified as taxable costs available under § 1920(2). See Alflex Corp. v. Underwriters Labs., Inc., 914 F.2d 175, 177 (9th Cir. 1990) ("[T]here is much support for the proposition that section 1920(2) covers the costs of deposition transcripts . . . ."). In general, the losing party has the burden of overcoming a strong presumption in favor of awarding costs to the prevailing party. Miles v. California, 320 F.3d 986, 988 (9th Cir. 2003); Russian River Watershed Protection Comm. v. City of Santa Rosa, 142 F.3d 1136, 1144 (9th Cir. 1998) (noting that the presumption "may only be overcome by pointing to some impropriety on the part of the prevailing party"). However, the Ninth Circuit "has not clearly allocated between the prevailing and losing party the burden of demonstrating whether deposition costs are 'necessarily obtained' under 28 U.S.C. § 1920." Smith v. Hughes Aircraft Co., 22 F.3d 1432, 1438 (9th Cir. 1993) (noting that "out-of-circuit cases . . . appear to place the burden on the losing party"). Instead, the Ninth Circuit allows the district court to independently determine that deposition costs were necessary. Id.

II. Discussion

Plaintiffs argue that defendant "cannot now recover its expenses for deposition transcripts and documents which were not used in its summary judgment motion." (Pl.'s Objection to Def.'s Bill of Costs at 3). Their argument boils down to an assertion that because the depositions listed in defendant's bill of costs were not cited in defendant's motion for summary judgment, these

depositions were not "necessarily obtained", as required by 28 U.S.C. § 1920(2). No legal authority binding on this court supports plaintiffs' position. On the contrary, in the Ninth Circuit, documents need not actually be entered into the record to justify awarding the costs of obtaining them. Haagen-Dazs Co. v. Double Rainbow Gourmet Ice Creams, Inc., 920 F.2d 587, 599 (9th Cir. 1990); see also Hudson v. Nabisco Brands, Inc., 758 F.2d 1237, 1243 (7th Cir. 1985), overruled on other grounds by Provident Bank v. Manor Steel Corp., 882 F.2d 258 (7th Cir. 1989) (addressing a cost award for depositions and noting that "the fact that a court disposes of a case at the summary judgment stage is no impediment to an award of costs"); Or. Azaleas, Inc. v. W. Farm Serv., Inc., No. Civ. 00-1348, 2002 WL 31432771, at *2 (D. Or. Jan. 9, 2002) (applying Haagen-Dazs to depositions). "[F]ailure to use a deposition in a summary judgment motion does not render it unnecessary." Fields v. Gen. Motors Corp., 171 F.R.D. 234, 235 (N.D. Ill. 1997).

Depositions that are "merely useful for discovery" are not taxable. Indep. Iron Works, Inc. v. U.S. Steel Corp., 322 F.2d 656, 678 (9th Cir. 1963). Beyond this requirement though, "[a] deposition need not be absolutely indispensable to justify an award of costs; rather, it must only be reasonably necessary at the time it was taken, without regard to later developments that may eventually render the deposition unneeded at the time of trial or summary disposition." Frederick v. City of Portland, 162 F.R.D. 139, 143 (D. Or. 1995) (citations omitted). This interpretation is consistent with the language of the statute, which requires that costs be "necessarily obtained for use in the

case," 28 U.S.C. § 1920(2) (emphasis added), and not necessarily obtained for use in the particular motion that determines the outcome of the case.

The twelve depositions included in defendant's bill of costs were not merely useful for discovery and were undoubtedly necessary. For example, although plaintiffs would have the court find that the deposition of Joseph Gemini, plaintiffs' damages expert, should not be taxed because defendant's questions focused on royalties and not infringement, (Pl.'s Objection to Def.'s Bill of Costs at 4), this information would have been of crucial importance if defendant had lost on the infringement claim. While plaintiffs' damages were irrelevant once defendant prevailed on the infringement claims related to the '524 and '070 patents, defendant's inquiries were "reasonably necessary at the time . . . , without regard to later developments that . . . eventually render[ed] the deposition unneeded." Frederick, 162 F.R.D. at 143.

Plaintiffs do not specifically attack depositions other than Gemini's, but instead argue that, based on this one example, the court should find the other eleven depositions unnecessary. (Pl.'s Objection to Def.'s Bill of Costs at 5). As determined above, the court finds that even the Gemini deposition fails to exemplify a deposition that was unnecessary for use in the case, whether or not it was referenced in the motion for summary judgment. The remaining depositions were even more obviously necessary for the case. Leading up to trial, defendant conveyed to the court its intent to call, or possibly call, nine of the deponents (Zelhofer, Hauke, Jordahl, Bryars, Brooks, Symes,

Strong, Davis, and Freeland) as witnesses. (Def.'s Disclosures Pursuant to Rule 26(a)(3) at 2). Likewise, plaintiffs documented their intent to offer portions of the depositions of these same people at trial. (Pl.'s Statement Designating Answers at 3-9). Given both parties' intent to use the testimony and/or depositions of these deponents at trial, the court finds plaintiffs' arguments against taxing the costs of their depositions disingenuous. Unquestionably, these depositions were "necessarily obtained for use in the case."

The final two depositions left to address, both from J. Carl Cooper, were likewise necessary. Cooper was plaintiffs' technical expert on infringement and the paper trail left by this case is peppered with references to his opinions. Plaintiffs cannot seriously contend that deposing Cooper was unnecessary.

Having rejected plaintiffs' argument that defendant's depositions were not necessarily obtained, the court also declines to exercise its discretion to deny costs. Plaintiffs appear to take the position that because defendant did not expediently move for summary judgment on plaintiffs' claims against it, the court should now penalize defendant by denying costs. (See Pl.'s Objection to Def.'s Bill of Costs at 6). However, "[n]o rule requires a motion for summary judgment." Pantry Queen Foods, Inc. v. Lifschultz Fast Freight, Inc., 809 F.2d 451, 455 (7th Cir. 1987). In the alternative, plaintiffs urge the court to deny costs because defendant "clearly has the ability to meet the expenses of this litigation." Id. However, Rule 54(d)(1) directs the court to assign costs to the prevailing party, not the party in the best position to bear them. Fed. R.

Civ. P. 54(d)(1). Rejecting defendant's bill of costs on either of these grounds would thus be improper and unfair.

After reviewing the bill, the court finds taxable the fees of the court reporter, as itemized by defendant.

IT IS THEREFORE ORDERED that defendant recover its costs of in the amount of **$11,523.98.**

DATED: September 23, 2005

WILLIAM B. SHUBB
UNITED STATES DISTRICT JUDGE